



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

July 2, 1996

Kenneth D. Nelson
Meadow Valley Contractors, Inc.
P.O. Box 60726
Phoenix, Arizona 85082

Re: Reclamation Contract, Topaz Valley Limestone Quarry, M/023/022, Juab County, Utah

Dear Mr. Nelson:

Thank you for the submittal of the new replacement surety bond for your Topaz Valley Limestone Quarry. The reclamation surety issued by Insurance Company of North America #K03547073, was canceled in June, 1995. You have now replaced the surety through another company, United States Fidelity and Guaranty Company. We were advised by our legal counsel that a new Reclamation Contract also needs to be initiated to accompany the new surety. We have taken the liberty of filling out the contract for your signature. Please check over the contract for any errors. If everything is correct, please sign, date and have the document notarized, then return it back to us for final approval. After the final signatures are obtained by the Division and the Board of Oil, Gas Mining, we will forward a final approved and executed copy of the Reclamation Contract and surety form to you for your files.

When we were notified in April, 1995, that your surety was being canceled in 90 days, we notified you to have a replacement surety in force before the cancellation date. As you know, it is unlawful to operate a large mine without having the proper reclamation surety in place. Thank you for your prompt attention to our request in June, 1996, that this surety be replaced immediately. If you have any questions or concerns regarding this letter, please contact me.

Sincerely,

Tom Munson
Reclamation Hydrologist

jb
Enclosure: MR-RC
M023022.rc



File Number M/023/022

Effective Date _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/023/022
(Mineral Mined) Limestone

"MINE LOCATION":
(Name of Mine) Topaz Valley Limestone Quarry
(Description) Approx. 40 Miles Northwest of
Delta, Utah. Mine located in
Juab County

"DISTURBED AREA":
(Disturbed Acres) 15.8
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) MEADOW VALLEY CONTRACTORS, INC.
(Address) PO BOX 60726
PHOENIX, AZ 85082
(Phone) (602) 437-5400

"OPERATOR'S REGISTERED AGENT":

(Name)

RON DAY

(Address)

P. O. BOX 591

DELTA, UT 84624

(Phone)

(801) 864-3971

"OPERATOR'S OFFICER(S)":

BRADLEY LARSEN - PRESIDENT

KENNETH D. NELSON - VICE PRESIDENT

JULIE BERGO - SECRETARY/TREASURER

"SURETY":

(Form of Surety - Attachment B)

SURETY BOND

"SURETY COMPANY":

(Name, Policy or Acct. No.)

UNITED STATES FIDELITY & GUARANTY CO

"SURETY AMOUNT":

(Escalated Dollars)

\$35,300.00

"ESCALATION YEAR":

1999

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between MEADOW VALLEY CONTRACTORS, INC. the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/023/022 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated April 30, 1991, and the original Reclamation Plan dated November 18, 1991. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as

amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

MEADOW VALLEY CONTRACTORS, INC.
Operator Name

By: KENNETH D. NELSON
Authorized Officer (Typed or Printed)

Authorized Officer's Signature

Date

=====

SO AGREED this _____ day of _____, 19____

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY _____
Dave D. Lauriski, Chairman
Utah State Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
James W. Carter, Director

_____ Date

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the _____ day of _____, 19 _____, personally
appeared before me, who being duly sworn did say that he/she, the said
_____ is the Director of the Division of
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she
duly acknowledged to me that he/she executed the foregoing document by
authority of law on behalf of the State of Utah.

Notary Public

Residing at: _____

My Commission Expires:

OPERATOR:

MEADOW VALLEY CONTRACTORS, INC.
Operator Name

By KENNETH D. NELSON, VICE PRESIDENT
Corporate Officer - Position

Date

Signature

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the _____ day of _____, 19 _____, personally
appeared before me _____ who
being by me duly sworn did say that he/she, the said _____
is the _____ of _____
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
_____ duly acknowledged to me that said
company executed the same.

Notary Public
Residing at: _____

My Commission Expires:

ATTACHMENT "A"

MEADOW VALLEY CONTRACTORS, INC.
Operator

Topaz Valley Limestone Quarry
Mine Name

M/023/022
Permit Number

Juab County, Utah

The legal description of lands to be disturbed is:

SE 1/4 - SW 1/4, Section 21 Township 13 S Range 11 W

SW 1/4 - SE 1/4, Section 21 Township 13 S Range 11 W